

FISCAL NOTE

SB 614 - HB 819

March 2, 2005

SUMMARY OF BILL: Changes the industrial machinery tax credit extension time from 15 to 20 years.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Exceeds \$1,000,000

Assumptions:

- There are approximately 2,500 franchise and excise taxpayers.
- FY03 industrial machinery tax credits were approximately \$18.2 million.
- 3% annual growth since FY03.
- Adjusted FY05 industrial machinery tax credit estimate is \$19.3 million.
- 30% of credit carried forward each year.
- Impact depends on the percentage of the extended credit that is carried forward past 15 years.
- 20% of the extended credit is carried forward past 15 years.
- Reduction in state franchise and excise tax collections resulting from the extension is estimated to exceed \$1.0 million per year (\$19.3 million in collections X 30% carried forward X 20% of the extended credit being carried forward past 15 years = \$1,158,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director